

MARCH 2022 QUARTERLY ACTIVITIES REPORT

29 April 2022

Redflow continues to expand sales pipeline

Redflow Limited (ASX: RFX) (the 'Company' or 'Redflow') is pleased to provide its quarterly activities report, together with its Appendix 4C for the quarter ended 31 March 2022 (Q3 FY2022).

Key highlights:

- Q3 FY2022 cash receipts of \$849k with Year to Date cash receipts of \$2,424k. This represents an 81% increase on previous corresponding period (Q3 YTD FY2021: \$1,342k)
- Gen3 battery program progressed ahead of Q4 launch
- Collaboration on potential new Anaergia 5.5-6.0 MWh battery project, following on from successful 2 MWh reference project, which will be Redflow's largest global deployment to date
- Underwriters Laboratories and Stress Engineering Services Inc. (SES) selects Redflow batteries for core flow battery research project at SES facility in Texas
- Cash balance of \$11.6 million as at 31 March 2022 underpins growth initiatives

Commenting on the progress made in Q3 FY2022 and outlook, Redflow CEO and Managing Director Tim Harris said:

"We continued to make substantial operational progress during the third quarter, as we delivered strong cash receipt growth, underpinned by key projects including Anaergia, and advanced preparations for the Q4 launch of our Gen3 battery.

"We have developed a strong relationship with Anaergia over the last 18 months and we were therefore delighted to have signed a non-binding Letter of Intent (LOI) with Anaergia's subsidiary SoCal Biomethane, to collaborate on a potential new fully wrapped solar and 5.5-6.0MWh storage solution. The project is currently in negotiation between Anaergia and the preferred Engineering Procurement and Construction (EPC) partner. If the project proceeds it will be our largest global deployment to date and follows our successful 2MWh energy storage system for Anaergia's Rialto Bioenergy Facility. This is a very significant milestone for Redflow and reflects our end customers'

confidence in Redflow's MWh scale solution and implementation capabilities.

"The interest from potential customers in the United States, the world's largest energy storage market, continues to build. We are expanding our US market presence and accelerating business development activities to take advantage of the strong growth opportunities available. This has included hosting a number of parties at the 2 MWh Anaergia reference site. Having recently made key appointments to our US team, including the appointment of President Americas and Chief Commercial Officer Mark Higgins, and we are well positioned to commercialise our growing pipeline of large scale opportunities.

"To enable interested parties to better understand our technology, it is highly valuable to have independent research conducted to enhance the market's knowledge base around the operating and safety characteristics of zinc-bromine flow batteries. We were therefore delighted to have our batteries selected by industry leaders Underwriters Laboratories and Stress Engineering Service, who are carrying out research to understand key technical attributes of redox flow batteries. These attributes include their cycle life, aging properties and performance under overcharge, over-discharge and short-circuit conditions. This activity will complement our own research, including a successful short circuit test conducted in January 2022 which was independently verified by a leading global engineering consultancy. As safety and supply chain concerns around Lithium continue to grow, we are strongly positioned as a leader in non-Lithium solutions, through our industry leading safety, performance and environmental credentials.

"Our Gen3 battery development is progressing ahead of a Q4 FY22 launch, which will substantially reduce our costs as we prepare to significantly scale up our business. We are uniquely placed to be at the forefront of energy storage as large commercial and industrial companies look to execute on their renewable energy strategies."

Sales update

The successful launch of the 2MWh energy storage system for Anaergia has significantly improved market awareness of Redflow's technology and has generated numerous business leads in the US and other markets.

Redflow exhibited at the Intersolar North America and Energy Storage North America on 13-15 January in Long Beach, California, the flagship solar and storage event in North America, generating significant interest from EPC companies and end customers.

Following Redflow's recently completed 2MWh project in Rialto, Redflow is working with Anaergia on a potential new fully wrapped solar and 5.5-6.0MWh Redflow battery storage solution for a new site at Victor Valley in California. Redflow signed a LOI in March with Anaergia subsidiary, SoCal Biomethane. The Victor Valley plant is the first wastewater treatment plant in California to inject renewable natural gas made from co-digested wastewater sludge and food waste into a utility pipeline, and is a net generator of renewable fuel. The proposed Project is designed to lower the plant's energy costs over the life of the system and reduce the carbon footprint of its industrial processes. If the project proceeds, it would be Redflow's largest global deployment to date, and subject to permitting, would be expected to be installed in 2023.

Redflow's order book and sales pipeline has continued to increase significantly with several strategic deals targeted to close during the final quarter of FY22. The expansion of the US sales team, and

recent operational success continues to attract end customers and parties with the potential to be strategic partners, who are actively researching Redflow's business and solution.

Engineering update

Redflow has continued to successfully navigate COVID-19 dynamics in Thailand, including a recent spike in COVID infections in the Chonburi region. Despite this, a number of Redflow's engineering team have been in Thailand focusing on New Product Introduction for the Gen3 battery during Q3, which will move into production in Q4 FY22. The Gen3 battery will reduce production costs significantly as Redflow scales up to meet the increasing market demand for medium to long term energy storage.

Operational update

Redflow completed the 2MWh energy storage system for Anaergia in California, for their Rialto Bioenergy Facility in the previous quarter, when all batteries passed their critical acceptance testing criteria. Final testing and integration with the Siemens microgrid controller is now underway, which will allow the facility to absorb the entire 2MWh load of the energy storage system.

Over the course of the quarter, the remaining batteries sold to Optus under the Australian Government's Mobile Network Hardening Program were deployed and are now operational. Redflow systems have now supported over 100 power outages, leveraging a unique hibernation mode which allows the batteries to store 100% of stored energy for extended periods, without self-discharge.

Overall, Redflow systems have now delivered over 2GWh of energy.

Financial update

The Appendix 4C quarterly cashflow report for Q3 FY2022 is attached.

Cash receipts for Q3 FY2022 were \$849k (Q3 FY2021: \$727k), and trade receivables were \$512k.

As at 31 March 2022, Redflow had a cash balance of \$11.6 million.

The following is a Summary of Receipts and Expenditures for the March quarter 2022 business activities (refer also accompanying ASX Appendix 4C):

A\$'000	March Quarter	Year to date (9 months)
Receipts from customers	849	2,424
Product manufacturing and operating costs	-1,271	-3,463
Research and development	-773	-2,573
SG&A (Corporate Overhead)	-1,422	-4,303

Investing Activities	-232	-786
Financing payments / receipts	0	10,502
Other	28	20

Notes:

- ¹ Numbers in the table are presented on a cash basis, consistent with the ASX Appendix 4C.
- ² Numbers exclude the effect of movement in exchange rates on cash held.
- ³ Expenditures include allocation of staff costs, which are shown as a separate line in the ASX Appendix 4C.

Payments to related parties over Q3 FY22 were \$186k, relating to fees paid to directors over the quarter.

This announcement was authorised for release by the Chairman of the Board of Redflow Limited.

-- ENDS --

About Redflow

Redflow Limited, a publicly-listed Australian company (ASX: RFX), produces zinc-bromine flow batteries that tolerate daily hard work in harsh conditions. Redflow batteries are designed for high cycle-rate, long time-base stationary energy storage applications and are scalable from small systems through to grid-scale deployments. Redflow's smart, self-protecting batteries offer unique advantages including secure remote management, 100 per cent daily depth of discharge, tolerance of high ambient temperatures, a simple recycling path, no propensity for thermal runaway and sustained energy delivery throughout their operating life.

For further information, please visit: www.redflow.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

	Name	of	entity
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Redflow Lim	ted

ABN Quarter ended ("current quarter")

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	849	2,424
1.2	Payments for		
	(a) research and development	-773	-2,573
	(b) product manufacturing and operating costs	-1,271	-3,463
	(c) advertising and marketing	-538	-938
	(d) leased assets	-42	-131
	(e) staff costs	-453	-1,897
	(f) administration and corporate costs	-389	-1,337
1.3	Dividends received (see note 3)		
1.4	Interest received	4	14
1.5	Interest and other costs of finance paid	-4	-18
1.6	Income taxes paid	-9	-13
1.7	Government grants and tax incentives	37	37
1.8	Other (provide details if material)	0	0
1.9	Net cash from/(used in) operating activities	-2,589	-7,895

		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
2	Cash flows related to investing activities or for:		
2.1	Payment to acquire		
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	-217	-743
	(d) investments		
	(e) intellectual property	-15	-43
	(f) other non-current assets		

⁺ See chapter 19 of the ASX listing Rules for defined terms.

Cons	solidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:	•	, , , , , ,
	(a) entities		
	(b) businesses		
	(c) property plant and equipment	0	0
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cashflows from loans to other entities		
2.4	Dividends received (see Note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from/(used in) investing activities	-232	-786
3	Cash flows related to financing activities		
3	Proceeds from issues of of equity securities		
3.1	(excluding convertible debt secutities)	0	10,860
3.2	Proceeds from issues of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	-358
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	0	0
3.10	Net cash from/(used in) financing activities	0	10,502
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4	Net increase (decrease) in cash and cash equivalents for the period	-2,821	1,821
4.1	Cash and cash equivalents at beginning of period	14,454	9,808
4.2	Net cash from/(used in) operating activities (Item 1.9 above)	-2,589	-7,895
4.3	Net cash from/(used in) investing activities (Item 2.6 above)	-232	-786

ASX Listing Rules Appendix 4C (17/07/20)

⁺ See chapter 19 of the ASX listing Rules for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from/(used in) financing activities (Item 3.10 above)	0	10,502
4.5	Effect of movement in exchange rate on cash held	-23	-19
4.6	Cash and cash equivalents at end of the quarter	11,610	11,610

5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	11,610	14,454
5.2	Call deposits	0	0
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,610	14,454

6	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.	Aggregate amount of payments to related parties and their associated included in item 1	186
6.	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in 6.1 or 6.2 your quarterly report must a description and an explanation for, such payments

Payments of salary and fees to Executive and Non-executive Directors.

7	Financing facilities NOTE: The term "facility" included all forms of financing arrangements avaliable to the entity Add notes as necessary for an understanng of the sources of finance avaliable to the entity.	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilites available at the quarter end		
7.6	Include below a description of each facility above, including the maturity date and whether it is secured or unsecured. If any additiona entered into or are proposed to be entered into after quarter end, inc facilities as well.	l facilities have been	

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	-2,589
8.2	Cash and cash equivalents at quarter end (Item 4.6)	11,610
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funds (Item 8.2 + Item 8.3)	11,610
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.5

Note: if the entity has reported positive net operating cashflows in item 1.9 answer item 8.5 as "N/A. Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flow for the time being and if not why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operation and , if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and , if so , on what basis?

Answer:

N/A

Note: where item 8.5 is less than 2 quarters, all questions 8.6.1, 8.6.2 and 8.6.3 above must be answered

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement does give a true and fair view of the matters disclosed.

Date: 29-Apr-22

Authorised by: The Chairman of the Audit and Risk Committee

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.